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Pending and recent federal and state government investigations and actions regarding for-profit colleges

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This is a list of pending and recent significant federal and state law enforcement investigations of, and actions against, for-profit colleges. It does not include lawsuits prosecuted only by private parties -- students, staff, etc.

To date, 36 state attorneys general are participating in a joint working group examining for-profit colleges, according to the office of Kentucky Attorney General Jack Conway. As described below, at least 24 state attorneys general are actively investigating specific for-profit colleges in their state.

Please send corrections, additions, updates, and comments to tips@RepublicReport.org

Corinthian Colleges

- **State attorneys general investigation of Corinthian**

Corinthian SEC 8-K, 01-27-14:

“On January 24, 2014, Corinthian Colleges, Inc. (the "Company") was notified by the Iowa Attorney General's office that it is leading an investigation by thirteen states (Arkansas, Arizona, Connecticut, Idaho, Iowa, Kentucky, Missouri, Nebraska, North Carolina, Oregon, Tennessee, Washington and Pennsylvania) into the Company's business practices. The Company has received Civil Investigative Demands ("CIDs") from most of those states that are substantially similar. The Iowa Attorney General's office indicated that it will be the primary point of contact with the Company on behalf of all of the states involved in the investigation. The CIDs seek documents and answers to interrogatories related to the students recruited from the various states; organizational information; tuition, loan and scholarship information; lead generation activities; enrollment qualifications for students; complaints; accreditation; completion and placement statistics; graduate certification and licensing results; and student lending activities, among other matters. The Company is aware that several other companies in the for-profit education sector have received similar CIDs. The Company intends to cooperate with the inquiry.” https://www.sec.gov/Archives/edgar/data/1066134/000129993314000113/htm_49175.htm

Corinthian press release in conjunction with 3rd quarter earnings call, May 6, 2014:

"As reported in an 8-K on January 24, 2014, the Company was notified by the Iowa Attorney General's office that it is leading an investigation by 13 Attorneys General into the Company's business practices. In April, the Iowa AG notified the company that three additional states - Colorado, Hawaii and New Mexico, had joined the multi-state investigation, bringing the total to 16 states. The Company continues to cooperate with the investigation."

<http://investors.cci.edu/releasedetail.cfm?ReleaseID=845503>

- **Civil complaint against Corinthian filed by California attorney general, 10-10-13:**

“The People bring this action to hold Corinthian Colleges, Inc. and its subsidiaries that operate Heald, Everest and Wyotech schools (collectively "CCI") accountable for violating California law by misrepresenting job placement rates to students, misrepresenting job placement rates to investors, advertising for programs that it does not offer, unlawfully using military seals in advertising, and inserting unlawful clauses into enrollment agreements that purport to bar any and all claims by students.”

https://oag.ca.gov/system/files/attachments/press_releases/Complaint%2C%20filed%20stamped_o.pdf

Corinthian answer to complaint, 11-12-13:

"The Government's false allegations and the aspersions cast on the School's relationship with its students are offensive and demeaning—to the School and its employees; to its students who are striving for a career and a better life; and to the employers who hire its thousands of qualified graduates."

<http://s3.documentcloud.org/documents/889232/corinthian-reply.pdf>

- **Civil complaint against Corinthian filed by Massachusetts attorney general, 04-03-14:**

"We allege that this for-profit school aggressively recruited and misled students by falsely promising high quality, successful training programs, and instead left them with exorbitant student loan debt and without proper training or a well-paying career."

<http://www.mass.gov/ago/news-and-updates/press-releases/2014/2014-04-03-corinthian-complaint.html>

- **Florida attorney general investigation of Corinthian:**

Corinthian SEC 8-K, 08-13-14:

"On October 19, 2010, the Company became aware of news stories which reported that the Florida Attorney General's Office (the "FL AG's Office") had begun an investigation into certain private sector education companies in Florida, including the Company, seeking information on potential misrepresentations in financial aid, recruitment and other areas. On October 21, 2010, the Company received a subpoena from the FL AG's Office seeking a wide range of documents from January 1, 2006 to the present. The Company's attorneys have met with representatives of the FL AG's Office multiple times and the Company has provided voluminous materials in response to the subpoena. Additionally, the Company has filed a motion to quash portions of the subpoena and for a protective order with respect to certain confidential and proprietary information. The Company expects to continue to provide reasonable cooperation to the FL AG's Office."

http://www.sec.gov/Archives/edgar/data/1066134/000110465914060150/a14-18886_18k.htm

- **New York attorney general investigation of Corinthian:**

Corinthian SEC 8-K, 08-13-14:

"In May 2011, along with other private sector education companies, the Company received a subpoena from the New York Attorney General's Office (the "NY AG") seeking information on

potential issues related to financial aid, admissions, students, securities and other areas. The Company is cooperating with the NY AG's requests for information."

http://www.sec.gov/Archives/edgar/data/1066134/000110465914060150/a14-18886_18k.htm

- **Illinois attorney general investigation of Corinthian:**

Corinthian SEC 8-K, 08-13-14:

"In December 2011, after other private sector education companies had received similar requests, the Company received a civil investigative demand from the Illinois Attorney General's Office (the "IL AG") seeking information on potential issues related to financial aid, admissions, students and other areas. The Company has obtained protection of its confidential and sensitive business information and is cooperating with the IL AG's reasonable requests for information."

http://www.sec.gov/Archives/edgar/data/1066134/000110465914060150/a14-18886_18k.htm

- **Wisconsin attorney general investigation of Corinthian:**

Corinthian SEC 8-K, 08-13-14:

"In January 2013, the Company received a request from the Wisconsin Department of Justice (the "WI AG's Office") for information and documents regarding the Company's Milwaukee, WI campus that has been taught out. The request seeks records regarding the Company's students enrolled at the Milwaukee campus since August 2009, including the enrollment process and outcomes achieved by the students, documents related to employers, externships, placement, completion, graduation, loans, marketing, advertisements, communications with state regulators and accrediting agencies, employees during the period, and other matters. On July 24, 2014, the WI AG's Office sent a notice of intent to bring an enforcement action against the Company for purported violations of state consumer protection laws. The WI AG's Office agreed to meet with the Company to discuss the allegations prior to filing suit. The Company is providing reasonable cooperation to the WI AG's Office."

http://www.sec.gov/Archives/edgar/data/1066134/000110465914060150/a14-18886_18k.htm

- **Minnesota attorney general investigation of Corinthian:**

Corinthian SEC 8-K, 08-13-14:

"On July 8, 2013, the Company received a civil investigative demand from the Minnesota Attorney General's Office (the "MN AG") seeking information on potential issues related to financial aid, admissions, students and other areas. The Company understands the MN AG is conducting inquiries into several other private sector colleges as well. The Company has obtained protection of its confidential and sensitive business information and is cooperating with the MN AG's reasonable requests for information."

http://www.sec.gov/Archives/edgar/data/1066134/000110465914060150/a14-18886_18k.htm

- **Consumer Financial Protection Bureau investigation of / lawsuit against Corinthian**

Corinthian SEC 8-K, 01-06-14:

“As previously reported, in April 2012, Corinthian Colleges, Inc. was served with a Civil Investigative Demand (“CID”) from the U.S. Consumer Financial Protection Bureau (the ‘CFPB’). The CID, which was subsequently withdrawn by the CFPB and replaced with a substantially similar CID, contains extensive interrogatories and document production demands with the stated purpose to “determine whether a for-profit post-secondary company, student loan origination and servicing providers, or other unnamed persons have engaged or are engaging in unlawful acts or practices relating to the advertising, marketing, or origination of private student loans. Although the Company objected to both CIDs by filing a petition with the CFPB, the Company has voluntarily provided documents and other information to the CFPB and has cooperated with the CFPB in its investigation. In December 2013, the Company received a letter from the CFPB notifying the Company that, in accordance with the CFPB’s discretionary Notice and Opportunity to Respond and Advise (“NORA”) process, the CFPB’s Office of Enforcement is considering recommending that the CFPB take legal action against the Company (the “NORA Letter”). The NORA Letter states that the staff of the CFPB’s Office of Enforcement (the “Staff”) expects to allege that the Company violated the Consumer Financial Protection Act of 2010, 12 U.S.C. §5536. The NORA Letter also states that if such action is brought the CFPB may seek injunctive and monetary relief against the Company. The NORA Letter confirms that the Company has the opportunity to make a NORA submission, which is a written statement setting forth any reasons of law or policy why the Company believes the CFPB should not take legal action against it. The Company understands that a NORA notice from the Staff is intended to ensure that potential subjects of enforcement actions have the opportunity to present their positions to the CFPB before an enforcement action is recommended or commenced. The Company intends to make a NORA submission to the CFPB, and continues to believe that its acts and practices relating to student loans — financing that is essential to preserving our students’ access to post-secondary education — are lawful. The Company cannot provide any assurance that the CFPB will not ultimately take legal action against it or that the outcome of any such action, if brought, will not have a material adverse effect on the Company’s financial condition and results of operations.”

https://www.sec.gov/Archives/edgar/data/1066134/000110465914000595/a14-1250_18k.htm

Corinthian SEC 8-K, 08-25-14:

"On August 21, 2014, the Company’s lawyers met with attorneys for the U.S. Consumer Financial Protection Bureau (the “CFPB”), and subsequently received a letter memorializing certain aspects of the discussion, in which the CFPB asserted violations by the Company of the Dodd-Frank Act and the Fair Debt Collections Practices Act [sic] indicated its willingness to engage in settlement discussions with the Company, so long as the Company would agree to certain conditions. These

conditions include (i) providing certain financial disclosure materials, (ii) ceasing the sale or transfer of private student loans, (iii) ceasing to engage in certain in-school collection efforts the CFPB considers unlawful, (iv) providing students and prospective students with the same disclosures regarding the potential sale of certain campuses that the Company has provided to California students as part of an agreement with the California Attorney General, and (v) notifying the CFPB of any indications of material interest in purchasing any of the Company's assets. The CFPB also requested certain documents relating to a recently-completed sale of student notes ... and certain information relating to the student loans that the Company continues to hold and any private lending arrangements to which the Company is currently a party. The CFPB provided the Company until August 29, 2014 to indicate whether it would agree in principle to such conditions."

https://www.sec.gov/Archives/edgar/data/1066134/000110465914062927/a14-19968_18k.htm

CFPB federal court complaint against Corinthian, 09-16-14:

"Corinthian induced students to enroll in its programs through false and misleading representations about its graduates' career opportunities ..."

http://files.consumerfinance.gov/f/201409_cfpb_complaint_corinthian.pdf

- **Justice Department False Claims Act investigations of Corinthian**

Corinthian SEC 10-K, 09-03-13:

"On April 11, 2011 the Company's Everest Institute in Jonesboro, Georgia was sent a subpoena from the Atlanta office of ED's Office of Inspector General (the "OIG") requesting documents related to the Jonesboro campus's employment and placement rates reported to its accrediting agency, as well as correspondence with the accrediting agency. The Company has become aware that this matter is being supervised by an Assistant United States Attorney for the Northern District of Georgia who focuses primarily on civil False Claims Act matters, including qui tams. The Company does not know whether a qui tam action has been filed under seal or whether the United States Attorney's Office has made a determination about whether to file a False Claims Act lawsuit in this matter. Additionally, the Company has also received inquiries from the Department of Justice and the Assistant U.S. Attorney involved in reviewing the previously-disclosed Lee qui tam matter regarding the Company's attendance procedures. The Company infers, but has been unable to confirm, that these inquiries may relate to one or more additional qui tams filed under seal that may be pending the government's investigation and intervention decision. Separately, on April 24, 2012, a complaint captioned United States of America ex rel. Carolina Marion v. Heald College Inc. and Corinthian Colleges Inc. was filed under seal in the U.S. District Court for the Northern District of California. Since the complaint was filed under seal, the Company has not been able to obtain a copy of the complaint but infers that this too is a qui tam action brought under the False Claims Act. The Company has also received an inquiry from the Assistant U.S. Attorney apparently involved in reviewing the Marion matter regarding attendance procedures at the Heald Salinas campus."

<https://www.sec.gov/Archives/edgar/data/1066134/000104746913008803/a2216385z10-k.htm>

Corinthian SEC 10-K, 09-26-14:

"[I]n late August 2014 the Company received a civil investigative demand (the "CID") from the United States Department of Justice, Civil Division, as part of a False Claims Act investigation concerning allegations related to student attendance and grade record manipulation, graduate job placement rate inflation and non-Title IV funding source misrepresentations. The CID requires the Company to provide written answers to interrogatories, documents, and testimony. The Company intends to cooperate with this investigation."

https://www.sec.gov/Archives/edgar/data/1066134/000110465914068525/a14-21560_18k.htm

- **Justice Department subpoenas to Corinthian**

Corinthian SEC 8-K, 08-12-14:

"On August 8, 2014, the Company received a grand jury subpoena for documents from the United States Attorney's Office in the Central District of California. The subpoena seeks documents and records relating to matters including job placement representations, graduation rates, transferability of credits for the Company's students, advertisements and marketing materials, and representations regarding financial aid, military connections, student loans, and defaults by Corinthian's students, as well as related statements to investors and disclosures in the Company's public filings with the SEC. The Company is evaluating the subpoena and intends to cooperate fully with the request."

http://www.sec.gov/Archives/edgar/data/1066134/000110465914060150/a14-18886_18k.htm

"Federal prosecutors in California, Florida, and Georgia have all issued grand jury subpoenas to the company."

<https://www.insidehighered.com/quicktakes/2014/09/29/corinthian-facing-another-federal-investigation>

- **Securities and Exchange Commission subpoena to Corinthian**

Corinthian SEC 8-K, 06-10-13:

"On June 6, 2013, Corinthian Colleges, Inc. (the "Company") received a subpoena from the Securities and Exchange Commission ("SEC"). In a letter accompanying the subpoena, the SEC stated that it is conducting an investigation of the Company. The SEC's subpoena requests the production of documents and communications that, among other things, relate to student information in the areas of recruitment, attendance, completion, placement, defaults on federal loans and on alternative loans, as well as compliance with U.S. Department of Education financial requirements, standards and ratios (including the effect of certain borrowings under the

Company's credit facility on the Company's composite score, and 90/10 compliance), and other corporate, operational, financial and accounting matters. The Company intends to cooperate with the SEC in its investigation."

http://www.sec.gov/Archives/edgar/data/1066134/000110465913048089/a13-14724_18k.htm

- **Department of Education actions regarding Corinthian, 2014:**

Department of Education letter, 01-23-14:

"The Department has denied approvals for certain new locations and new programs because CCI has admitted to falsifying placement rates and/or grade and attendance records at various institutions and because of ongoing state and federal investigations into serious allegations with respect to CCI's improper administration of Title IV programs..... [T]he issues just referenced suggest systematic deficiencies in the operations of CCI.... Because of these concerns, the Department will not approve CCI's Title IV growth through the addition of any new locations or programs going forward until the Department ascertains whether CCI and its institutions possess the requisite administrative capability to ensure compliance with all Title IV program requirements."

<https://www.documentcloud.org/documents/1014987-corinthian-colleges-inc.html>

Corinthian response, SEC 8-K, 02-05-14:

"The Company disputes ED's characterization that the Company admitted wrongdoing, but plans to cooperate with ED in its review. The Company believes ED is referencing isolated instances over a four-year period when the Company detected erroneous information, took corrective action and reported its findings to regulatory authorities."

<http://investors.cci.edu/secfiling.cfm?filingID=1104659-14-6539&CIK=1066134>

Department of Education press release, 06-19-14:

"The U.S. Department of Education's Federal Student Aid (FSA) office has placed Corinthian Colleges Inc. on an increased level of financial oversight after the company failed to address concerns about its practices, including falsifying job placement data used in marketing claims to prospective students and allegations of altered grades and attendance.... The Department has requested data from Corinthian multiple times in the last five months to address inconsistencies in the company's job placement claims for graduates, but Corinthian officials have not turned over the documents."

<http://www.ed.gov/news/press-releases/us-department-education-heightens-oversight-corinthian-colleges>

July 3, 2014, agreement between the Department of Education and Corinthian under which Corinthian will sell most of its campuses and wind down operations at all others -- Department of Education press release, 07-03-14:

<http://www.ed.gov/news/press-releases/us-department-education-accepts-operating-plan-corinthian-colleges-inc>

Corinthian SEC 8-K, 07-07-14:

http://www.sec.gov/Archives/edgar/data/1066134/000110465914050216/a14-16628_18k.htm

Corinthian SEC 8-K, 08-25-14:

"On August 22, 2014, the Company received a letter from ED in which it denied recertification of Everest Cross Lanes, citing alleged misrepresentations and breach of fiduciary duty at the Decatur campus that was an additional location of Everest Cross Lanes until 2013."

https://www.sec.gov/Archives/edgar/data/1066134/000110465914062927/a14-19968_18k.htm

Education Management Corporation (EDMC)

- **State attorneys general investigation of EDMC**

EDMC SEC 8-K, 01-24-14:

"Education Management Corporation (the "Company") announced today that it has received inquiries from twelve states regarding the Company's business practices. The Attorney General of the Commonwealth of Pennsylvania has informed the Company that it will serve as the point of contact for the inquiries related to the Company. The inquiries focus on the Company's practices relating to the recruitment of students, graduate placement statistics, graduate certification and licensing results, and student lending activities, among other matters. The Company believes that several other companies in the for-profit education industry have received similar inquiries. The Company intends to cooperate with the states involved."

<http://edgar.sec.gov/Archives/edgar/data/880059/000088005914000002/a124148-k.htm>

- **Colorado attorney general lawsuit and settlement with EDMC**

Statement by Colorado attorney general's office, 12-05-13:

"The Attorney General's investigation based on student complaints found that beginning in 2007, Argosy deceptively marketed its EdD-CP program. Students were led to believe that Argosy was seeking to have the program accredited by the American Psychological Association (APA), which in fact was not the case. Upon graduating, students were moreover told they would be eligible to

become licensed psychologists. In reality, the EdD-CP program's curriculum and requirements were deficient and students were unlikely to obtain Colorado licensure."

http://www.coloradoattorneygeneral.gov/press/news/2013/12/05/attorney_general_suthers_announces_consumer_protection_settlement_argosy_unive

- **Massachusetts attorney general investigation of EDMC**

EDMC SEC 8-K, 01-29-13:

"On January 24, 2013, The New England Institute of Art received a civil investigative demand from the Commonwealth of Massachusetts Attorney General requesting information for the period from January 1, 2010 to the present pursuant to an investigation regarding practices by the school in connection with marketing and advertising job placement and student outcome, the recruitment of students and the financing of education."

<http://www.sec.gov/Archives/edgar/data/880059/000088005913000005/form8-k.htm>

- **State attorneys general investigations of EDMC**

EDMC SEC 10-K, 08-30-11:

"In December 2010, the Company received a subpoena from the Office of Consumer Protection of the Attorney General of the Commonwealth of Kentucky requesting documents and detailed information for the time period of January 1, 2008 through December 31, 2010. The Company has three Brown Mackie College locations in Kentucky. The Kentucky Attorney General has announced an investigation of the business practices of for-profit post-secondary schools and that subpoenas had been issued to six proprietary colleges that do business in Kentucky in connection with the investigation. The Company intends to continue to cooperate with the investigation. However, the Company cannot predict the eventual scope, duration or outcome of the investigation at this time. In October 2010, Argosy University received a subpoena from the Florida Attorney General's office seeking a wide range of documents related to the Company's institutions, including the nine institutions located in Florida, from January 2, 2006 to the present. The Florida Attorney General has announced that it is investigating potential misrepresentations in recruitment, financial aid and other areas. The Company is cooperating with the investigation, but has also filed a suit to quash or limit the subpoena and to protect information sought that constitutes proprietary or trade secret information. The Company cannot predict the eventual scope, duration or outcome of the investigation at this time. In August 2011, the Company received a subpoena from the Attorney General of the State of New York requesting documents and detailed information for the time period of January 1, 2000 through the present. The Art Institute of New York City is the Company's only school located in New York. The subpoena is primarily related to the Company's compensation of admissions representatives and recruiting activities. The relators in the Washington qui tam case filed the complaint under the State of New York's False Claims Act though the state has not announced an intention to intervene in the matter. The Company intends to cooperate with the investigation. However, the

Company cannot predict the eventual scope, duration or outcome of the investigation at this time. In June 2007, The New England Institute of Art (“NEIA”) received a civil investigative demand letter from the Massachusetts State Attorney General requesting information in connection with the Attorney General’s review of alleged submissions of false claims by NEIA to the Commonwealth of Massachusetts and alleged unfair and deceptive student lending and marketing practices engaged in by the school. In February 2008, the Attorney General informed NEIA that it does not plan to further pursue its investigation of deceptive marketing practices. In June and August of 2011, the Company provided the Attorney General with additional information related to the false claims investigation. NEIA intends to fully cooperate with the Attorney General in connection with its continuing investigation.”

<http://www.sec.gov/Archives/edgar/data/880059/000119312511236734/d10k.htm>

- **City Attorney of San Francisco settlement with EDMC**

"On June 17, 2014, the Company entered into an Assurance of Voluntary Compliance (the “Assurance”) with the City Attorney Under the Assurance, without admitting liability, the Company has agreed to pay the aggregate amount of approximately \$4.4 million, consisting of \$1.95 million to the City Attorney for fees and costs of the investigation and to carry out the purpose of the Assurance, \$1.6 million to fund a scholarship program for students who enrolled in The Art Institute of California - San Francisco or one of the California Art Institutes diploma or degree programs and did not obtain their diplomas or degrees and \$850,000 for an unrestricted scholarship program for students attending one of the California Art Institutes. As part of the Assurance, the California Art Institutes agreed to, among other things: disclosure to be provided, and prescribed calculation methods, for placement rates, actual or average salaries, graduation and completion rates, transfer rates, retention rates, cohort default rates, and percentage of enrollees who finish a diploma or undergraduate degree program earlier than the planned time for completion of the diploma or undergraduate degree program; disclosure to be provided related to financial aid; training of California Art Institutes employees involved in the collection of graduate employment information; provision of appropriate placement representative-to-student ratios at each of its schools and certain placement assistance services; termination of any employee who it is determined provided or attempted to provide materially false graduate employment information for inclusion in the placement data to be published by a California Art Institute; reporting of data to the City Attorney regarding compliance with the Assurance; hiring of an independent auditor to conduct an audit of placement rates; and maintenance of written records regarding compliance with the Assurance."

<http://archive.fast-edgar.com//20140617/AD2Z7222Z22G62Z2222A223ZVUV5ZZR2AL62/>

<http://www.sfgate.com/bayarea/article/SF-wins-4-4M-settlement-with-for-profit-art-5559635.php>

- **Justice Department False Claims Act lawsuit against EDMC**

Justice Department statement, 10-08-11:

“The United States has intervened and filed a complaint in a whistleblower suit pending under the False Claims Act against Education Management Corp. (EDMC) and several affiliated entities, the Justice Department announced today. In its complaint, the government alleges that EDMC falsely certified compliance with provisions of federal law that prohibit a university from paying incentive-based compensation to its admissions recruiters that is tied to the number of students they recruit. Congress enacted the incentive compensation prohibition to curtail the practice of paying bonuses and commissions to recruiters, which resulted in the enrollment of unqualified students, high student loan default rates and the waste of program funds.” *United States ex rel. Washington et al. v. Education Management Corp. et al.*, Civil No. 07-461 (W.D. Pa.)

<http://www.justice.gov/opa/pr/2011/August/11-civ-1026.html>;

<http://www.nacacnet.org/issues-action/LegislativeNews/Documents/USAvEDMC.pdf>

Five states -- California, Florida, Illinois, Indiana, and Minnesota -- have joined the Justice Department as intervenors in the case based on their respective state false claims acts:

<https://www.sec.gov/Archives/edgar/data/880059/000088005913000067/edmc-20130930x10xq.htm>

<http://www.nacacnet.org/issues-action/LegislativeNews/Documents/USAvEDMC.pdf>

The district court has ruled on several motions in the case, granting in part and denying in part EDMC's motion to dismiss, and denying EDMC's motion for summary judgment.

<http://www.leagle.com/decision/In%20FDCO%2020120514973#sthash.boQXNwfD.dpuf>

[http://www.gibsondunn.com/publications/pages/Recent-Developments-Related-to-Litigation-Involving-the-Education-Sector\(July-2014\).aspx](http://www.gibsondunn.com/publications/pages/Recent-Developments-Related-to-Litigation-Involving-the-Education-Sector(July-2014).aspx)

http://www.gpo.gov/fdsys/pkg/USCOURTS-pawd-2_07-cv-00461/pdf/USCOURTS-pawd-2_07-cv-00461-8.pdf

EDMC response, SEC 10-Q, 11-01-13:

“The Company believes the case to be without merit and intends to vigorously defend itself.”

<https://www.sec.gov/Archives/edgar/data/880059/000088005913000067/edmc-20130930x10xq.htm>

ITT Educational Services

- **State attorneys general investigation of ITT**

ITT SEC 8-K, 01-27-14:

“ITT Educational Services, Inc. (the “Company”) announced that it has received subpoenas and/or civil investigative demands (collectively, the “CIDs”) from the Attorneys General of Arkansas, Arizona, Connecticut, Idaho, Iowa, Kentucky, Missouri, Nebraska, North Carolina, Oregon, Pennsylvania and Washington under the authority of each state’s consumer protection statutes. The Attorney General of the Commonwealth of Kentucky has informed the Company that it will serve as the point of contact for the multistate group to respond to questions relating to the CIDs. The CIDs contain broad requests for information and the production of documents related to the Company’s students and the Company’s practices, including marketing and advertising, recruitment, financial aid, academic advising, career services, admissions, programs, licensure exam pass rates, accreditation, student retention, graduation rates and job placement rates, as well as many other aspects of the Company’s business. The Company believes that several other companies in the proprietary postsecondary education sector have received similar CIDs. The Company intends to cooperate with the Attorneys General of the states involved.”

https://www.sec.gov/Archives/edgar/data/922475/000092247514000004/form8_k.htm

- **Civil complaint filed by New Mexico Attorney General against ITT, 02-26-14:**

"This action seeks to redress on behalf of the public in New Mexico unlawful business practices by Defendant ITT Educational Services, Inc. d/b/a ITT Technical Institute. Defendant, in the course of operating a for-profit education business made misrepresentations, violated New Mexico law, and engaged in unfair, deceptive, and unconscionable acts and practices in violation of New Mexico’s Unfair Practices Act (“UPA”) in connection with the advertising, marketing, and selling of educational services to New Mexico consumers."

http://www.insidehighered.com/sites/default/server_files/files/New%20Mexico%20ITT%20complaint.pdf

- **SEC investigation of ITT**

ITT SEC 10-K 02-22-13:

“On February 8, 2013, we received a subpoena from the SEC. In a letter accompanying the subpoena, the SEC states that it is conducting an investigation of us. The SEC’s subpoena requests the production of documents and communications that, among other things, relate to our actions and accounting associated with: (a) agreements that we entered into with an unaffiliated entity on February 20, 2009 (the “2009 Entity”) to create a program that made private education loans available to our students to help pay the students’ cost of education that student financial aid from federal, state and other sources did not cover (the “2009 Loan Program”), including, without limitation, a risk sharing agreement that we entered into with the 2009 Entity pursuant to which we guarantee the repayment of the principal amount (including capitalized origination fees) and accrued interest payable on any private education loans that are charged off above a certain percentage of the private education loans made under the 2009 Loan Program, based on the annual dollar volume (the “2009 RSA”); and (b) agreements that we entered into with unrelated parties on January 20, 2010 to create a program, called the PEAKS Private Student Loan

Program, that made private education loans available to our students to help pay the students' cost of education that student financial aid from federal, state and other sources did not cover (the "PEAKS Program"), pursuant to which: • an unaffiliated lender originated private education loans to our eligible students and, subsequently, sold those loans to an unaffiliated trust that purchased, owns and collects private education loans (the "PEAKS Trust"); • the PEAKS Trust issued senior debt in the aggregate principal amount of \$300.0 million (the "PEAKS Senior Debt") to investors; and • we guarantee payment of the principal, interest and, prior to February 2013, certain call premiums owed on the PEAKS Senior Debt, the administrative fees and expenses of the PEAKS Trust and the required ratio of assets of the PEAKS Trust to outstanding PEAKS Senior Debt (the "PEAKS Guarantee"). We are cooperating with the SEC in its investigation. There can be no assurance, however, that the ultimate outcome of the SEC investigation will not have a material adverse effect on our financial condition or results of operations."

<https://www.sec.gov/Archives/edgar/data/922475/000119312513071683/d444611d10k.htm>

ITT SEC 10-K 09-18-14:

"On August 7, 2014, the Company received a notice from the staff of the Division of Enforcement (the "Staff") of the SEC, notifying the Company that the Staff had made a preliminary determination to recommend that the SEC file an enforcement action against the Company (a "Wells Notice"). According to the Staff, the enforcement action would allege violations of Sections 10(b), 13(a) and 13(b)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rules 10b-5, 12b-20, 13a-1, 13a-11, 13a-13 and 13a-15 under the Exchange Act. The SEC's notice said that the Staff's recommendation may:

•€€	involve a civil injunctive action, public administrative proceeding and/or cease-and-desist proceeding against us; and
•€€	seek remedies that include an injunction, a cease-and-desist order and monetary relief, including civil monetary penalties.

... the Company made a submission to the Staff in response to the Wells Notice setting forth why no action should be commenced against the Company. The Company intends to also continue to discuss these issues with the SEC.... [T]he Company intends to defend itself vigorously against any legal action taken against it by the SEC..."

https://www.sec.gov/Archives/edgar/data/922475/000092247514000030/form8_k.htm

• **Department of Education actions regarding ITT:**

"[O]n August 21, 2014, the ED informed the Company that the ED had determined that the Company's institutions are not financially responsible, a determination based solely on [a] missed submission deadline, and not on an assessment of the Company's financial condition. Based on this determination, the ED, among other things: required the Company's institutions to submit a

letter of credit payable to the ED in the amount of \$79,707,879; placed the Company's institutions on heightened cash monitoring for the receipt of Title IV Program funds, instead of the ED's standard advance payment method

https://www.sec.gov/Archives/edgar/data/922475/000092247514000030/form8_k.htm

- **CFPB lawsuit against ITT, filed 02-26-14:**

"ITT subjected consumers to undue influence or coerced them into taking out ITT Private Loans through a variety of unfair acts and practices designed to interfere with the consumers' ability to make informed, uncoerced choices."

http://www.republicreport.org/wp-content/uploads/2014/02/cfpb_complaint_ITT.pdf

Career Education Corporation (CEC)

- **State attorneys general investigation of CEC**

Career Education Corporation SEC 8-K, 01-27-14:

"On January 24, 2014, Career Education Corporation (the "Company") received inquiries from twelve state Attorneys General regarding the Company's business practices. The Attorney General of Connecticut has informed the Company that it will serve as the point of contact for the inquiries related to the Company. The inquiries focus on the Company's practices relating to the recruitment of students, graduate placement statistics, graduate certification and licensing results and student lending activities, among other matters. The Company believes that several other companies in the private sector education industry have received similar inquiries. The Company intends to cooperate with the states involved."

https://www.sec.gov/Archives/edgar/data/922475/000092247514000004/form8_k.htm

- **New York attorney general settlement with CEC**

Statement by New York attorney general's office, 08-19-13:

"Attorney General Eric T. Schneiderman today announced a \$10.25 million settlement with Career Education Corporation ("CEC"), a for-profit education company. The settlement resolves an investigation that revealed that in disclosures made to students, accreditors, and New York State, CEC significantly inflated its graduates' job placement rates. CEC will pay \$9.25 million in restitution to students, a \$1 million penalty, and has agreed to substantial changes in how the company calculates and verifies placement rates."

<http://www.ag.ny.gov/press-release/ag-schneiderman-announces-groundbreaking-1025-million-dollar-settlement-profit>

Career Education Corporation SEC 8-K, 08-19-13:

“As previously reported, the Company received from the Attorney General of the State of New York (‘NYAG’) a Subpoena Duces Tecum dated May 17, 2011 (the ‘Subpoena’), relating to the NYAG’s investigation of whether the Company and certain of its schools have complied with certain New York state consumer protection, securities, finance and other laws. The documents and information sought by the NYAG in connection with its investigation cover the time period from May 17, 2005 to the present. Pursuant to the Subpoena, the NYAG requested from the Company, and certain of its schools, documents and detailed information on a broad spectrum of business practices, including such areas as marketing and advertising, student recruitment and admissions, education financing, training and compensation of admissions and financial aid personnel, programmatic accreditation, student employment outcomes, placement rates of graduates and other disclosures made to students. On August 19, 2013, the Company entered into an Assurance of Discontinuance (the ‘NYAG Settlement’) with the NYAG. Under the terms of the NYAG Settlement, without admitting or denying the NYAG’s findings, the Company has agreed to pay \$9.25 million into a restitution fund to be distributed to eligible consumers; an additional \$1.0 million for fees, costs, and penalties; and up to an additional \$250,000 for the costs to administer the restitution claims process. As part of the NYAG Settlement, the Company has also agreed to, among other things: calculate and disclose placement rates according to agreed upon procedures and retain an independent consultant or audit firm to independently verify and report on such placement rates; provide specified levels of placement assistance to students; provide certain additional training to admissions personnel regarding placement rates; teach out certain programs going forward that do not achieve specified minimum placement rates; provide additional disclosure concerning institutional and programmatic accreditation; and provide additional disclosure concerning transferability of credits to other colleges or universities.”

<http://www.sec.gov/Archives/edgar/data/1046568/000119312513340378/d588444d8k.htm>

- **State attorneys general investigations of CEC**

Career Education Corporation SEC 10-K, 02-28-13:

“[W]e have received subpoenas from the Attorneys General of Florida and New York, civil investigative demands from the Illinois and Massachusetts Attorneys General and an investigative demand from the Oregon Attorney General relating to potential non-compliance with applicable state laws and regulations by certain of our schools.”

<http://www.sec.gov/Archives/edgar/data/1046568/000119312513083541/d455233d10k.htm>

- **Florida attorney general investigation of CEC**

Career Education Corporation SEC 8-K, 11-08-10:

“Career Education Corporation (the “Registrant”) announced that the Florida campuses of Sanford Brown Institute received a notice on November 5, 2010 from the State of Florida Office of

the Attorney General that it has commenced an investigation into possible unfair and deceptive trade practices at these schools. The notice includes a subpoena to produce documents and detailed information for the time period from January 1, 2007 to the present about a broad spectrum of business practices at such schools. The Florida Attorney General's website indicates that the Attorney General is conducting similar investigations of several other post-secondary education companies operating schools located in Florida."

<http://www.sec.gov/Archives/edgar/data/1046568/000119312510252438/d8k.htm>

- **SEC investigation of CEC**

Career Education Corporation SEC 10-K, 02-28-13:

"[T]he Chicago Regional Office of the Securities and Exchange Commission is conducting an inquiry pertaining to our previously reported internal investigation of student placement determination practices and related matters."

<http://www.sec.gov/Archives/edgar/data/1046568/000119312513083541/d455233d10k.htm>

DeVry University

- **Illinois and Massachusetts attorneys general investigations of DeVry:**

DeVry SEC 8-K, 04-15-13:

"DeVry Inc. ("DeVry") received earlier this month a subpoena from the Office of the Attorney General of the State of Illinois and more recently a Civil Investigative Demand issued by the Office of the Attorney General of the Commonwealth of Massachusetts. The Illinois subpoena concerns potential state law implications in the event violations of federal law took place. It was issued pursuant to the Illinois False Claims Act in connection with an investigation concerning whether the compensation practices of DeVry and certain of its affiliates are in compliance with the Incentive Compensation Ban of the Higher Education Act and requires DeVry to provide documents relating to these matters for periods on or after January 1, 2002. The Massachusetts demand was issued in connection with an investigation into whether DeVry caused false claims and/or false statements to be submitted to the Commonwealth of Massachusetts relating to student loans, guarantees, and grants provided to DeVry's Massachusetts students and requires DeVry to answer interrogatories and to provide documents relating to periods on or after January 1, 2007. Although more information about these inquiries is not known at this time, DeVry is approaching them with a view toward transparency and an interest in demonstrating the compliant nature of its practices in cooperation with the authorities."

<https://www.sec.gov/Archives/edgar/data/730464/000115752313001773/a50610060.htm>

- **New York attorney general investigation of DeVry:**

DeVry SEC 8-K, 07-18-14:

"On July 15, 2015, DeVry Education Group Inc. ("DeVry Group") received a letter from the Office of the Attorney General of the State of New York ("NYOAG") requesting cooperation with the NYOAG's inquiry into whether recent television advertisements and website marketing regarding DeVry University may have violated federal and state laws prohibiting false advertising and deceptive practices. The letter requests relevant information from January 1, 2011, to the present to enable NYOAG to make a determination of what action, if any, is warranted.

DeVry Group intends to provide the Office of the Attorney General with its full cooperation with a view toward demonstrating the compliant nature of its practices."

<http://www.sec.gov/Archives/edgar/data/730464/000115752314002867/a50907774.htm>

- **Federal Trade Commission investigation of DeVry**

DeVry SEC 8-K 01-28-14:

"DeVry Education Group Inc. ("DeVry Group") received on January 28, 2014 a compulsory request from the Federal Trade Commission (the "FTC") to provide documents and information relating to the advertising, marketing, or sale of secondary or postsecondary educational products or services or educational accreditation products or services by DeVry Group during the past five years. The stated purpose of the request is to determine whether unnamed persons and/or entities have violated or are violating Section 5 of the Federal Trade Commission Act and, if so, to determine whether further FTC action would be in the public interest. DeVry Group intends to provide the FTC with its full cooperation with a view toward demonstrating the compliant nature of its practices. The timing or outcome of this matter, or its possible impact on DeVry Group's business, financial condition or results of operations, cannot be predicted at this time."

<https://www.sec.gov/Archives/edgar/data/730464/000115752314000382/a50797415.htm>

Apollo Group / University of Phoenix

- **Florida attorney general investigation of Apollo**

Apollo Group SEC 8-K, 10-22-10:

"Today, Apollo Group, Inc. announced that its subsidiary, The University of Phoenix, Inc. ("University of Phoenix"), has received notice that the State of Florida Office of the Attorney General in Fort Lauderdale, Florida has commenced an investigation into possible unfair and deceptive trade practices associated with certain alleged practices of University of Phoenix. The

notice includes a subpoena to produce documents and detailed information for the time period of January 1, 2006 to the present about a broad spectrum of University of Phoenix's business. The Company is evaluating the notice and subpoena."

<https://www.sec.gov/Archives/edgar/data/929887/000095012310095156/p18257e8vk.htm>

- **Delaware attorney general investigation of Apollo**

Apollo Group SEC 8-K, 08-04-11:

"Today, Apollo Group, Inc. announced that on August 3, 2011, its subsidiary, The University of Phoenix, Inc., received a subpoena from the Attorney General of the State of Delaware to produce detailed information regarding University of Phoenix students residing in Delaware. The time period covered by the subpoena is January 1, 2006 to the present. Apollo Group is evaluating the subpoena."

<https://www.sec.gov/Archives/edgar/data/929887/000095012311072900/p18993e8vk.htm> [Investigation has been [closed](#).]

- **Massachusetts attorney general investigation of Apollo**

Apollo Group SEC 8-K, 05-13-11:

"Today, Apollo Group, Inc. announced that its subsidiary, The University of Phoenix, Inc., has received a Civil Investigative Demand from the Office of the Attorney General of Massachusetts. The Demand relates to an investigation under Massachusetts General Laws, Chapter 93A, Section 6, of possible unfair or deceptive methods, acts, or practices by for-profit educational institutions in connection with the recruitment of students and the financing of education. The Demand requires the University to produce documents and detailed information and to give testimony regarding a broad spectrum of the University's business for the time period of January 1, 2002 to the present. Apollo Group believes that Massachusetts is one of a coalition of several states considering investigatory or other inquiries into recruiting practices and the financing of education at proprietary educational institutions. Apollo Group is evaluating the Demand."

<https://www.sec.gov/Archives/edgar/data/929887/000095012311050367/p18877e8vk.htm>

- **SEC enforcement inquiry to Apollo**

Apollo Group SEC 8-K, 04-19-12:

"Apollo Group has been contacted by the Division of Enforcement of the SEC requesting documents and information relating to certain stock sales by company insiders and the filing of our Form 8-K on February 28, 2012 in which we announced that new degree enrollment growth at University of Phoenix was less than previously expected. We have robust policies and

procedures regarding insider trading and we intend to fully and voluntarily cooperate with the SEC. We cannot predict the eventual scope or outcome of this preliminary investigation.”

<https://www.sec.gov/Archives/edgar/data/929887/000119312512169783/d337407d8k.htm>

- **Department of Education Inspector General subpoena to Apollo:**

Apollo Group SEC 10-Q, 04-01-14:

"On March 21, 2014, University of Phoenix received a subpoena from the Mid-Atlantic Region of the OIG. The subpoena seeks the production by the University of documents and detailed information regarding a broad spectrum of the activities conducted in the University's Centralized Service Center for the Northeast Region located in Columbia, Maryland, for the time period of January 1, 2007 to the present, including information relating to marketing, recruitment, enrollment, financial aid processing, fraud prevention, student retention, personnel training, attendance, academic grading and other matters. We intend to cooperate with these requests but cannot at this time predict the eventual scope, duration or outcome of this matter."

<http://www.sec.gov/Archives/edgar/data/929887/000092988714000036/apol-feb282014x10q.htm>

- **Department of Education fine and related False Claims Act lawsuit against Apollo**

Arizona Republic, 09-14-04:

“A government review of the University of Phoenix, the country's largest for-profit university, paints a picture of a school so hungry to enroll new students that it has threatened and intimidated its recruitment staff in meetings and e-mail, pressured them to enroll unqualified students and covered up its practices to deceive regulators. In a 45-page report obtained by The Arizona Republic, the U.S. Department of Education describes corporate culture overly focused on boosting enrollment. The review, based on site visits and interviews with more than 60 employees and former employees, led to the largest settlement of its kind last week. The Phoenix-based university agreed to pay \$9.8 million without admitting any wrongdoing.”

<http://www.azcentral.com/families/education/articles/0914apollo14.html>

Justice Department statement, 12-15-09:

“ The Justice Department announced today that the University of Phoenix has agreed to pay the United States \$67.5 million to resolve allegations that its student recruitment policies violated the False Claims Act.... Whistleblowers Mary Hendow and Julie Behn, two former University of Phoenix employees, alleged that the university accepted federal student financial aid while in violation of statutory and regulatory provisions prohibiting post-secondary schools from paying admissions counselors certain forms of incentive-based compensation tied to the number of

students recruited. Though the United States did not intervene in this action, the Government provided support and assistance to the whistleblowers at many stages of the case, including filing friend-of-the-court briefs when the case was on appeal to the Ninth Circuit.”

<http://www.justice.gov/opa/pr/2009/December/09-civ-1345.html>

Kaplan Education

- **Delaware attorney general investigation of Kaplan**

Washington Post Company SEC 10-K, 02-29-12:

"On July 20, 2011, Kaplan Higher Education Corporation received a subpoena from the Office of the Attorney General of the State of Delaware. The demand primarily sought information pertaining to Kaplan University's online and KHE Campuses' students who are residents of Delaware. KHE has cooperated with the Delaware Attorney General and provided the information requested in the subpoena. KHE also may receive further requests for information from the Delaware Attorney General."

<http://www.sec.gov/Archives/edgar/data/104889/000010488912000006/d10k.htm>

- **Florida attorney general investigation of Kaplan**

Washington Post Company SEC 10-K, 02-29-12:

"On October 21, 2010, Kaplan Higher Education Corporation received a subpoena from the office of the Florida Attorney General. The subpoena sought information pertaining to the online and on-campus schools operated by KHE in and outside of Florida. KHE has cooperated with the Florida Attorney General and provided the information requested in the subpoena. KHE also may receive further requests for information from the Florida Attorney General. The Company cannot predict the outcome of this inquiry."

<http://www.sec.gov/Archives/edgar/data/104889/000010488912000006/d10k.htm> http://articles.sun-sentinel.com/2012-10-31/news/fl-keiser-attorney-general-20121031_1_federal-student-kaplan-university-keiser-university (10-31-12)

Florida Attorney General News Release, June 17, 2014:

"Attorney General Pam Bondi today announced that her office has entered an Assurance of Voluntary Compliance (AVC) with Kaplan Higher Education, Kaplan Higher Education Campuses, and Kaplan University. The agreement follows the office's investigation, with which Kaplan cooperated, into the school's enrollment and marketing practices and allegations that students were misled by marketing claims. Under the agreement, the school must clearly and conspicuously disclose true and accurate information relating to the school's accreditation, program costs (including the cost of taking any licensing or certification exams required to

practice in Florida), financial aid and the scope and nature of employment services they provide. During the course of the investigation, Kaplan voluntarily waived tuition and fees for more than 2,400 Florida students at a cost of more than \$6,000,000. Kaplan has also agreed to offer retraining to eligible students and establish an expedited arbitration process for students who have asserted claims against the school. The AVC details and requires Kaplan to reimburse the Attorney General's Office for attorney's fees and costs."

<http://www.myfloridalegal.com/newsrel.nsf/newsreleases/89E733424AECF53985257CFA00690F74>

[http://myfloridalegal.com/webfiles.nsf/WF/JMEE-9L6QDA/\\$file/KaplanAVC.pdf](http://myfloridalegal.com/webfiles.nsf/WF/JMEE-9L6QDA/$file/KaplanAVC.pdf)

- **Illinois attorney general investigation of Kaplan**

Washington Post Company SEC 10-K, 03-02-11:

"On February 7, 2011, Kaplan Higher Education Corporation received a Civil Investigative Demand from the Office of the Attorney General of the State of Illinois. The demand primarily seeks information pertaining to Kaplan University online students who are residents of the State of Illinois. Kaplan Higher Education is currently reviewing the demand and intends to cooperate with the inquiry."

<http://www.sec.gov/Archives/edgar/data/104889/000119312511053497/d10k.htm>

- **Massachusetts attorney general investigation of Kaplan**

Washington Post Company SEC 10-K, 03-02-11:

"On April 30, 2011, Kaplan Higher Education Corporation received a Civil Investigative Demand from the Office of the Attorney General of the State of Massachusetts. The demand primarily sought information pertaining to KHE Campuses' students who are residents of Massachusetts. KHE has cooperated with the Massachusetts Attorney General and provided the requested information. KHE also may receive further requests for information from the Massachusetts Attorney General."

<http://www.sec.gov/Archives/edgar/data/104889/000119312511053497/d10k.htm> <http://www.boston.com/news/local/massachusetts/2013/02/04/attorney-general-martha-coakley-investigating-more-than-for-profit-schools-massachusetts/v5qTyei1UC1o2yHzKqVfXO/story.html> (02-03-13)

- **North Carolina attorney general investigation of Kaplan**

"Kaplan College's Charlotte campus has surrendered its license to operate a dental assistant program following allegations that its officials lied to students about the credentials they'd receive after graduating."

<http://web.archive.org/web/20120402031850/http://www.charlotteobserver.com/2012/02/01/2974937/college-reimburses-students-after.html> (02-01-12)

Bridgepoint Education

- **California attorney general investigation of Bridgepoint**

“The goal is ‘to evaluate whether Bridgepoint has violated California law by making false or misleading statements to Californians during telephone calls, including telemarketing calls, and through other sales and marketing efforts,’ the court filing said.”

<http://articles.latimes.com/2013/jul/24/local/la-me-0725-online-probe-20130725> (07-24-13)

- **North Carolina attorney general investigation of Bridgepoint**

Bridgepoint SEC 8-K, 10-03-11: “On September 30, 2011, Ashford University received from the Attorney General of the State of North Carolina (“Attorney General”) an Investigative Demand relating to the Attorney General's investigation of whether the university's business practices complied with North Carolina consumer protection law. Pursuant to the Investigative Demand, the Attorney General has requested from Ashford University documents and detailed information for the time period January 1, 2008, to present. The university is evaluating the Investigative Demand and intends to comply with the Attorney General's request.”

<http://www.sec.gov/Archives/edgar/data/1305323/000130532311000022/form8-kx10311.htm>

- **New York attorney general investigation of Bridgepoint**

Bridgepoint SEC 8-k, 05-19-11:

“On May 18, 2011, we received from the Attorney General of the State of New York (“Attorney General”) a Subpoena Duces Tecum (“Subpoena”) relating to the Attorney General’s investigation of whether we and our academic institutions have complied with certain New York state consumer protection, securities and finance laws. Pursuant to the Subpoena, the Attorney General has requested from us and our academic institutions documents and detailed information for the time period March 17, 2005, to present. We are evaluating the Subpoena and intend to comply with the Attorney General’s request.”

<http://www.sec.gov/Archives/edgar/data/1305323/000130532311000003/form8-kxny.htm>

- **Massachusetts attorney general investigation of Bridgepoint**

Bridgepoint SEC 8-k, 07-25-14:

"On July 21, 2014, Bridgepoint Education, Inc. (the “Company”) and Ashford University received from the Attorney General of the State of Massachusetts (“Attorney General”) a Civil Investigative

Demand relating to the Attorney General's investigation of for-profit educational institutions and whether the university's business practices complied with Massachusetts consumer protection laws. Pursuant to the Investigative Demand, the Attorney General has requested from the Company and Ashford University Massachusetts student information and complaints for the time period January 1, 2006, to present. The Company and the university are evaluating the Investigative Demand and intend to comply with the Attorney General's request."

<http://www.sec.gov/Archives/edgar/data/1305323/000130532314000045/form8-kxitem801.htm>

- **Iowa attorney general settlement with Bridgepoint, announced May 16, 2014:**

May 16, 2014: Iowa AG Tom Miller announced settlement of investigation, providing \$7.25 million in restitution for Ashford University's 5000 Iowa students. The agreement bars deceptive advertising and coercive recruiting and creates an independent overseer, former US Associate Attorney General Thomas J Perrilli.

Settlement agreement, May 16, 2014:

http://www.state.ia.us/government/ag/latest_news/releases/may_2014/Ashford_AVC.pdf

Press statement from AG Miller, May 16, 2014:

http://www.state.ia.us/government/ag/latest_news/releases/may_2014/AU_BE.html

Bridgepoint 8-K, May 16, 2014:

<http://bridgepoint.q4cdn.com/a0c4824b-5556-4d77-8398-f4b4c5cc7f79.pdf?noexit=true>

- **SEC subpoena to Bridgepoint:**

Bridgepoint SEC 8-k, 07-25-14:

"On July 22, 2014, the Company received from the U.S. Securities & Exchange Commission ("SEC") a subpoena relating to certain of the Company's accounting practices, including revenue recognition, receivables and other matters relating to the Company's previously disclosed intention to restate its financial statements for fiscal year ended December 31, 2013 and revise its financial statements for the years ended December 31, 2011 and 2012, and the prior revision of the Company's financial statements for fiscal year ended December 31, 2012. Pursuant to the subpoena, the SEC has requested from the Company documents and detailed information for the time period January 1, 2009, to present. The Company is evaluating the subpoena and intends to fully cooperate in the investigation."

<http://www.sec.gov/Archives/edgar/data/1305323/000130532314000045/form8-kxitem801.htm>

See also: <http://www.sec.gov/Archives/edgar/data/1305323/000130532314000034/form8-kxitems402and701.htm>

Stevens-Henager College

- **Justice Department False Claims Act lawsuit against Stevens-Henager, unsealed 04-09-14:**

"Because Defendant Schools pay bonuses, commissions, and other forms of incentive compensation to employees in the admissions departments based directly and indirectly on the number of students that these employees enroll (or "start") in Defendant Schools, Defendant Schools' compensation system, as actually implemented and practiced, violates the incentive compensation ban applicable to schools that participate in Title IV, HEA programs."

<http://www.republicreport.org/wp-content/uploads/2014/04/Wride-Brooks-First-Amended-Complaint.pdf>

Justice Department complaint:

"With this lucrative incentive compensation and constant performance reminders to its recruiters, Stevens-Henager directly or indirectly encouraged its recruiters to enroll anyone who was willing to apply for federal funds regardless of the students' likelihood of success or ability to benefit from Stevens-Henager's educational programs. Stevens-Henager wrongfully procured funding for its own benefit and abused the Title IV program's purposes. Further, this irresponsible recruitment saddles unqualified students with large debts that are difficult or impossible to repay, leading to defaults that ultimately cost the government millions of dollars."

<http://www.republicreport.org/wp-content/uploads/2014/05/Stevens-Henager-US-complaint.pdf>

ATI Enterprises

- **Justice Department False Claims Act lawsuit against and settlement with ATI**

Justice Department statement, 08-22-13: "ATI Enterprises Inc. will pay the government \$3.7 million to resolve False Claims Act allegations that it falsely certified compliance with federal student aid programs' eligibility requirements and submitted claims for ineligible students, the Justice Department announced today.... Allegedly, ATI Enterprises knowingly misrepresented to the Texas Workforce Commission and to the Accrediting Commission of Career Schools and Colleges its job placement statistics to maintain its state licensure and accreditation.... The government alleged that, by misrepresenting its job placement statistics, ATI Enterprises fraudulently maintained its eligibility for federal financial aid under Title IV. The government further alleged that ATI employees engaged in fraudulent practices to induce students to enroll and maintain their enrollment in the schools. This falsely increased the schools' enrollment

numbers, and consequently, the amount of federal dollars they received at the expense of taxpayers and students, who incurred long-term debt.”

<http://www.justice.gov/opa/pr/2013/August/13-civ-953.html> [ATI has since shut down.]

Lincoln Tech Institute

- **Massachusetts attorney general investigation of Lincoln Tech Institute**

<http://chronicle.com/blogs/bottomline/government-investigations-and-suits-against-for-profit-colleges-the-grid/>

Universal Technical Institute

- **Massachusetts attorney general investigation of Universal Technical Institute**

UTI SEC 10-Q, 05-01-13: "In September 2012, we received a Civil Investigative Demand (CID) from the Attorney General of the Commonwealth of Massachusetts related to a pending investigation in connection with allegations that we caused false claims to be submitted to the Commonwealth relating to student loans, guarantees and grants provided to students at our Norwood, Massachusetts campus. The CID required us to produce documents and provide written testimony regarding a broad range of our business since September 2006 to the present. We responded timely to the request, as well as a follow-up request for additional information made in December 2012. At this time, we cannot predict the eventual scope, duration, outcome or associated costs of this request and accordingly we have not recorded any liability in the accompanying financial statements."

<http://www.sec.gov/Archives/edgar/data/1261654/000119312513188497/d521184d10q.htm>

American Career Institute

- **Massachusetts attorney general lawsuit against American Career Institute**

Complaint filed 11-21-13: "For years leading up to its closure, defendants falsified documents and forged student signatures to maintain their accreditation and to continue to receive student loan proceeds, enrolled students who did not meet minimum qualifications, and then failed to provide students the education for which they incurred significant debts. Defendants unfairly pursued profit without regard to their supposed career training mission and left students indebted beyond their means."

<http://www.mass.gov/ago/docs/press/2013/aci-complaint.pdf>

American Commercial College

- **Justice Department False Claims Act lawsuit and settlement with American Commercial College**

"American Commercial College has agreed to pay at least \$1 million over the next five years to settle the suit alleging the school falsified financial reports so it could qualify for federal student aid funds. According to a news release from the U.S. Department of Justice in Washington issued late Friday, May 31, the college might have to pay an additional \$1.5 million under a contingency clause in the settlement.... The suit alleged American Commercial College orchestrated short-term private loans, ultimately paid off with federal student aid dollars, so the school could appear to comply with federal requirements.... In November 2011, investigators from the U.S. Department of Education raided ACC's headquarters and Lubbock campus, along with campuses in Abilene and San Angelo, photographing items and removing records." (05-31-13)

<http://lubbockonline.com/crime-and-courts/courts/2013-05-31/american-commercial-college-settles-federal-false-claims-case#.UoV9Vq1dVzi> <http://www.justice.gov/opa/pr/2012/February/12-civ-261.html>

- **Federal criminal conviction and prison sentence for theft of government property for American Commercial College president Doyle Brent Sheets:**

<http://www.kcbd.com/story/26689879/american-commercial-college-president-sentenced-on-federal-charges>

Globe University and Minnesota School of Business

- **Minnesota attorney general lawsuit against Globe University and Minnesota School of Business**

Minnesota AG press release, July 22, 2014: "Minnesota Attorney General Lori Swanson today filed a lawsuit against the Minnesota School of Business and Globe University—Minnesota corporations under common ownership—for misrepresenting the job opportunities available to their criminal justice graduates and misleading students about the transferability of their credits to other higher education institutions. Some students who enrolled at the schools were saddled with tens of thousands of dollars of debt without the ability afterwards to obtain jobs in their chosen career fields."

<http://www.ag.state.mn.us/Consumer/PressRelease/20140722SchoolofBusiness.asp>

Response from Globe: "The claims that our admissions practices and credit transfer policies are deceptive could not be further from the truth."

<http://www.startribune.com/local/268141312.html>

FastTrain College

"The FBI raided campuses of FastTrain College in Florida..."

<http://www.bizjournals.com/southflorida/news/2012/05/16/fbi-raids-fasttrain-college-offices.html>

[FastTrain has since shut down.]

Federal indictments of FastTrain president Alejandro Amor and three former staff for conspiracy and theft of government property:

<https://www.republicreport.org/wp-content/uploads/2014/10/amor-indictment-sd-fl-10-2-14.pdf>

Anamarc College (El Paso TX)

"FBI agents possibly looking at fraud allegations Wednesday morning raided two campuses of Anamarc College, which closed abruptly this summer, and the home of the owners of the college."

http://www.elpasotimes.com/news/ci_26421731/fbi-probe-possibly-looks-at-fraud-allegations-at

Daymar College

- **Kentucky attorney general lawsuit against Daymar College**

<http://migration.kentucky.gov/Newsroom/ag/daymarsuit.htm>

National College

- **Kentucky attorney general lawsuit against National College**

<http://migration.kentucky.gov/Newsroom/ag/nationalcollegesuit.htm>

Spencerian College

- **Kentucky attorney general lawsuit against Spencerian College**

<http://migration.kentucky.gov/Newsroom/ag/spenceriansuit.htm>